



## STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Introduced: **02/17/05**

Bill No: **AB 675**

Tax: **Property**

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Related Bills:

### BILL SUMMARY

This Board of Equalization sponsored bill repeals obsolete sections of law related to the initial implementation of the timber yield tax.

### ANALYSIS

#### Current Law

The Timber Yield Tax Law, for the 1977–78 fiscal year and each fiscal year thereafter, imposes a tax on every timber owner with respect to the harvesting of timber or felled or downed timber at specified rates. The Timber Yield Tax Law disallows, subject to certain exceptions, any adjustment of yield tax rates for the years 1979, 1980, or 1981 to reflect any portion of the property tax rate levied on the unsecured roll for the 1978–79 tax year, as provided, and requires that the Controller certify for a specified period the amount necessary to restore the deficient allocations, plus the amount necessary to bring the Timber Tax Reserve Fund to \$5,000,000. The specific provisions of that law providing for the restoration of any deficient allocations for the Timber Tax Reserve Fund however, were previously repealed.

#### Proposed Law

This bill would delete these obsolete provisions relating to the adjustment of yield tax rates for 1979, 1980, and 1981, and the certification by the Controller of the amount necessary to restore certain deficient allocations.

#### Background

Revenue and Taxation Code Sections 38203.5 and 38907 were added following the adoption of the Timber Yield Tax in the late 1970's in order to transition from the ad valorem property taxation of timber to the Timber Yield Tax.

The purpose of Section 38203.5 was to avoid the public expense and taxpayer confusion that would result from collecting additional taxes for the 1979 year while at the same time refunding excessive taxes for the 1980 year where, in many instances, comparable amounts would be collected from and refunded to the same taxpayers. Additionally, with respect to the 1981 year, it similarly avoided the expense and confusion that would result from reducing the 1981 yield tax rate and increasing the 1981 reserve fund tax rate by identical and hence, offsetting percentages.

*This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.*

Section 38907 required that the Controller certify for a specified period the amount necessary to restore the deficient allocations plus the amount necessary to bring the Timber Tax Reserve Fund required by Section 38905 to \$5 million. Section 38905, which provided for the restoration of any deficient allocations for the Timber Tax Reserve Fund, was repealed in 1983 (Stats. 1982, Ch. 1058) and Section 38902, which provided for the Timber Tax Reserve Fund, was repealed in 1985 (Stats. 1984, Ch. 678).

## COMMENTS

**Sponsor and Purpose.** The Board is sponsoring this bill as a housekeeping measure to repeal sections of law related to the initial implementation of the Timber Yield Tax. The transition from the ad valorem property taxation of timber to the Timber Yield Tax has been fully implemented and these statutes are obsolete.

## COST AND REVENUE ESTIMATE

No impact.

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